

## Message Text

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13

ACTION EA-14

INFO OCT-01 ADP-00 AID-20 AGR-20 EB-11 PM-07 NSC-10 SS-15

RSC-01 CIAE-00 INR-10 NSAE-00 PA-03 USIA-12 PRS-01

RSR-01 IGA-02 /128 W  
----- 098001

R 151100 Z JUN 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 1695

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

SECDEF WASHDC

CINCPAC

C O N F I D E N T I A L PHNOM PENH 5944

FOR STATE/ AID

E. O. 11652: GDS

TAGS: ECON, EAID, CB

SUBJECT: PROPOSAL TO INCREASE RICE PRICES AND SALARIES,  
AND TO ELIMINATE SUBSIDIES

REF: PHNOM PENH 5896

THE FOLLOWING LETTER WAS SENT TO THE MINISTER OF FINANCE BY  
IMF REPRESENTATIVE EVERS ON JUNE 14.

1. QUOTE. I HAVE THE HONOR OF RECAPITULATING HEREIN THE  
DECISIONS WHICH WERE AGREED TO IN THE MEETINGS THAT WERE  
HELD YESTERDAY AND TODAY.

YOUR EXCELLENCY, THE MINISTERS OF PLAN AND COMMERCE, THE  
GOVERNOR OF THE BNC, AS WELL AS MR ENDERS OF THE U. S. EMBASSY  
AND HIS ASSOCIATES, AND MYSELF WERE PRESENT AT SAID CONFERENCES.

THE DECISIONS WHICH WE REACHED ARE AS FOLLOWS:

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(A) AN INCREASE OF THE PRICE OF PETROLEUM, BASED ON THE EXCHANGE RATE AND THE WORLD PRICE OF PETROLEUM PRODUCTS IN EFFECT AT THE PRESENT TIME.

(B) INCREASE OF THE PRICE OF ELECTRICITY IN SUCH A MANNER THAT ALL PRODUCTION COSTS WILL BE COVERED BY SALES RECEIPTS. IN PRINCIPLE, THE DECISION TO INCREASE THE PRICE BY 355.34 PERCENT HAD ALREADY BEEN TAKEN BY THE CABINET ON MARCH 1, 1973. HOWEVER, THIS PERCENTAGE COULD BE MODIFIED IN ACCORDANCE WITH THE INCREASE IN COSTS THAT SHOULD HAVE TAKEN EFFECT RECENTLY.

(C) INCREASE OF THE PRICE OF WATER TO 12.65 RIELS.

(D) INCREASE OF THE PRICE OF RICE TO 50 RIELS A KILO FOR THE QUALITY NO. 1-50, AND TO 45 RIELS A KILO FOR THE QUALITY NO. 2-50.

(E) NO MORE CONTROL OF RICE PRICES FOR QUALITY NO. 1-15 AND NO. 1-25.

(F) AN INCREASE OF SALARY OF 1,600 RIELS PER MONTH FOR ALL CIVIL SERVANTS AND MILITARY.

(G) INCREASE IN THE FAMILY ALLOWANCES BY AN AMOUNT OF 150 RIELS PER MONTH FOR WIVES AND 100 RIELS PER MONTH FOR EACH CHILD.

(H) INCREASE IN INDEMNITIES FOR UPPER ECHELON GOVERNMENTAL EMPLOYEES, WITHOUT EXCEEDING A COST TO THE BUDGET OF 100 MILLION RIELS A YEAR.

(I) INCREASE THE PREMIUM FOR COMBAT SOLDIERS WITHOUT EXCEEDING A COST TO THE BUDGET OF 500 MILLION RIELS A YEAR.

IT WAS ALSO AGREED THAT THE ABOVE MEASURES SHOULD BE IMPLEMENTED IN THE FOLLOWING MANNER:

(1) THE INCREASE IN THE PRICE OF PETROLEUM PRODUCTS, ELECTRICITY, AND WATER SHOULD BECOME EFFECTIVE ON THE 1<sup>ST</sup> OF JULY 1973 OR BEFORE. THESE MEASURES COULD BE ANNOUNCED IN ADVANCE.

(2) THE INCREASE OF THE PRICE OF RICE SHOULD BECOME EFFECTIVE IMMEDIATELY.

(3) THE INCREASE OF SALARIES, FAMILY ALLOWANCES, INDEMNITIES, AND PREMIUM FOR COMBAT SOLDIERS SHOULD BE RETROACTIVE TO JUNE 1, 1973.

THE PRINCIPLE OF READJUSTING FUTURE PRICES OF PETROLEUM PRODUCTS, ELECTRICITY, WATER, AND RICE, ON THE BASIS OF EITHER

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THE PURCHASE COST OR THE OPERATIONAL COST, WAS RECONFIRMED. UNQUOTE.  
SWANK

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NNNNMAFVVZCZ

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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**TAGS:** EAID, ECON, CB  
**To:** AIT TAIPEI  
BANGKOK  
CINCPAC  
EA  
SAIGON  
SECSTATE WASHDC  
TOKYO

WASHDC

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